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**OBASKA
LAKE
MINES
LIMITED**

ANNUAL REPORT

YEAR ENDED DECEMBER 31, 1967

OBASKA LAKE MINES LIMITED

OFFICERS

W. W. DENNIS *President*
F. L. BELANGER *Vice-President*
G. D. PATTISON *Secretary-Treasurer*
R. D. BELL *Assistant Secretary-Treasurer*

DIRECTORS

F. L. BELANGER Val d'Or, Quebec
R. D. BELL Toronto, Ontario
W. W. DENNIS Toronto, Ontario
P. PAQUIN Val d'Or, Quebec
G. D. PATTISON Aurora, Ontario

AUDITORS

NEFF, GOODWIN & CO. Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

NATIONAL TRUST
COMPANY, LIMITED Toronto, Ontario

HEAD OFFICE

SUITE 509,
25 ADELAIDE STREET WEST Toronto, Ontario

Obaska Lake Mines Limited

Directors' Report

To the Shareholders,
OBASKA LAKE MINES LIMITED.

Presented with this report are the financial statements of your Company for the year ended December 31, 1967, with Auditors' Report thereon dated February 27, 1968.

During 1967 a 50% interest was acquired in 10 unpatented mining claims in the Bancroft area of Ontario to test a pegmatite dike averaging 30 feet in width for uranium content. Exploration work was carried out jointly with Kopan Developments Limited on these claims and although surface sampling indicated commercial values, a rock trench blasted across the width of the dike did not produce ore grade material. This dike and many others of the same nature which occur on these claims may however produce higher grades after further work.

Also during 1967 the Company participated in the DU 1967 Prospecting Syndicate organized to prospect for uranium in granitic host rocks by the use of an airborne spectrometer. Some 13,000 miles were flown mainly in the Province of Quebec and a number of radioactive granites were indicated warranting ground follow-up. None of the indications investigated by ground follow-up contained values in uranium to warrant further investigation, however, and the Syndicate was terminated at the end of the prospecting season.

The Company also examined several uranium and base metal prospects and performed a limited amount of prospecting on its own behalf.

The mining claims in Township 80 on the north shore of Lake Superior previously reported were investigated by a geophysical survey but the results did not warrant any further work. Accordingly the two mining claims held under option were transferred back to the optionor and the 14 claims staked by the Company will be allowed to lapse.

The Company continues to hold its option on eight unpatented claims in Galinee Township, Quebec, which is in good standing until March 31, 1970.

Your Directors have been negotiating since last December to obtain a working option on a group of 47 mining claims in Louvicourt Township, Quebec, owned by Quebec Gold Belt Mines Limited. It is hoped that an announcement can soon be made regarding these negotiations.

Your Company will continue its policy of investigating and exploring properties of merit.

On behalf of the Board,
W. W. DENNIS,
President.

Toronto, Ontario,
May 23, 1968.

Obaska Lake

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

AS AT DECEMBER 31, 1967

Assets

	1967	1966
Current assets:		
Cash in bank	\$ 10,095.41	\$ 2,280.65
Cash on deposit	78,581.46	96,245.66
	<u>\$ 88,676.87</u>	<u>\$ 98,526.31</u>
Investments — at cost		
Shares of another mining company	\$ 59,851.24	\$ 59,851.24
Investment in mining syndicate	3,984.03	
	<u>\$ 63,835.27</u>	<u>\$ 59,851.24</u>
Mining properties — at cost (note 1)	\$ 1,202.00	\$ 1.00
Deferred exploration and development expenditure	33,063.20	29,712.17
	<u>\$186,777.34</u>	<u>\$188,090.72</u>

Auditor's Report

To The Shareholders of

OBASKA LAKE MINES LIMITED

We have examined the accompanying balance sheet of Obaska Lake Mines Limited as at December 31, 1967, and the statement of deficit, deferred expenditure and source and application of funds for the year ended December 31, 1967, and the accounting procedures and such tests of accounting records as we considered appropriate in the circumstances.

In our opinion, these financial statements present fairly the financial position of its operations and the source and application of its funds for the year ended December 31, 1967, in accordance with the principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 27, 1968.

lines Limited

(laws of Canada)

SHEET

ER 31, 1967

Liabilities

Current liabilities:

	1967	1966
Accounts payable	\$ 497.09	\$ 376.45

Shareholders' Equity

Capital stock

Authorized: 5,000,000 shares of no par value

Issued and fully paid: 4,377,505 shares \$673,130.00 \$673,130.00

Deficit 486,849.75 485,415.73

\$186,280.25 \$187,714.27

\$186,777.34 \$188,090.72

The accompanying notes form an integral part of this statement.

Approved on behalf of the Board

"W. W. DENNIS" (Director)

"G. D. PATTISON" (Director)

Report

e Mines Limited as at December 31, 1967 and the statements of
year then ended. Our examination included a general review of
other supporting evidence as we considered necessary in the

position of the Company as at December 31, 1967 and the results
then ended, in accordance with generally accepted accounting

NEFF, GOODWIN & CO.

Chartered Accountants.

Obaska Lake Mines Limited

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1967

1. Mining properties:

Option on 8 mining claims in Galinee Township Quebec at option cost.

\$ 1.00

In order to fully exercise this option the Company would be required to incorporate a new 5,000,000 share company on or before March 31, 1970 to acquire the claims. The optionor would receive 350,000 of the vendor shares issued by the new company for the claims and would have the right to participate up to 15% in the financing of the new company.

50% interest in 10 unpatented mining claims in Mount Eagle Township, Eastern Ontario Mining Division, Ontario — at cost.

500.00

In the event that the property is developed to the production stage a new 5,000,000 share company would be formed to acquire the claims. The Company would be entitled to 300,000 of the vendors shares issued for the claims.

Option on 2 unpatented mining claims in Township 80, Port Arthur Mining Division Ontario — at option cost.

1.00

On February 8, 1968 the Company terminated the option agreement.

14 unpatented mining claims in Township 80, Port Arthur Mining Division, Ontario — at cost of staking.

700.00

\$1,202.00

2. Direct remuneration paid to senior officers and directors:

The aggregate direct remuneration paid to senior officers and directors was \$225.00 during 1967 and \$150.00 during 1966.

Obaska Lake Mines Limited

STATEMENT OF DEFERRED EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1967

	Balance Dec. 31 1966	1967 Expenditures	Balance Dec. 31 1967
Exploration and development:			
Galinee Township, Ontario			
Diamond drilling	\$22,933.72		\$22,933.72
Travel and transportation	1,878.19		1,878.19
Supplies	1,128.21		1,128.21
Engineering fees	1,500.00		1,500.00
Geophysical survey	895.00		895.00
Licenses, fees and taxes	366.46	\$ 256.46	622.92
Assaying	607.50		607.50
Linecutting	244.49		244.49
Postage and telephone	111.20		111.20
Sundry	47.40		47.40
	<u>\$29,712.17</u>	<u>\$ 256.46</u>	<u>\$29,968.63</u>
Township 80, Ontario			
Linecutting		\$ 315.00	\$ 315.00
Survey		150.00	150.00
Licenses, fees, and taxes		89.50	89.50
Travel		42.00	42.00
		<u>\$ 596.50</u>	<u>\$ 596.50</u>
Mount Eagle Township, Ontario			
Prospecting		\$ 2,498.07	\$ 2,498.07
	<u>\$29,712.17</u>	<u>\$ 3,351.03</u>	<u>\$33,063.20</u>

STATEMENT OF DEFERRED EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1967

	1967 Expenditure	1966 Expenditure
Administration and general:		
Head office services	\$ 1,800.00	\$ 1,800.00
Shareholders' information and reports	1,066.24	630.93
Legal and audit	550.00	280.00
Transfer agency fees	429.23	629.40
Director's fees	225.00	150.00
Government fees and taxes	179.92	104.92
Travel expense	72.00	
Postage and office expense	25.90	14.70
Sundry	150.50	151.50
	<u>\$ 4,498.79</u>	<u>\$ 3,761.45</u>
Less: Interest earned	3,732.41	4,468.88
	<u>\$ 766.38</u>	<u>\$ (707.43)</u>
Balance, December 31, 1965		9,054.31
Transfer to deficit	<u>\$ 766.38</u>	<u>\$ 8,346.88</u>

Obaska Lake Mines Limited

STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1967

	1967	1966
Balance, beginning of the year	\$485,415.73	\$470,254.68
Acquisition cost of mining claims abandoned		6,107.00
Administration and general expenditure	766.38	8,346.88
Prospecting expense	667.64	707.17
Balance, end of the year	<u>\$486,849.75</u>	<u>\$485,415.73</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

	1967	1966
Source:		
Interest earned	\$ 3,732.41	\$ 4,468.88
Application:		
Exploration and development expenditure	\$ 3,351.03	\$ 1,532.51
Administration and general expense	4,498.79	3,761.45
Acquisition cost of mining claims	1,201.00	3,005.00
Prospecting expense	667.64	707.17
Investment in mining syndicate	3,984.03	
	<u>\$ 13,702.49</u>	<u>\$ 9,006.13</u>
Decrease in working capital	\$ 9,970.08	\$ 4,537.25
Working capital, beginning of the year	98,149.86	102,687.11
Working capital, end of the year	<u>\$ 88,179.78</u>	<u>\$ 98,149.86</u>